

業務回顧 | Review of Operations

集團發展

本公司於去年上半年底完成集團重組，將集團內的銀行及相關附屬公司整合，轉由新成立之附屬公司大新銀行集團有限公司（「大新銀行集團」）持有，大新銀行集團隨後於香港聯合交易所有限公司獨立上市。是項安排為本公司及大新銀行集團成功籌集資金，更為本集團之未來銀行及保險業務發展建立平台（不論是內部增長或透過併購行動而言）。截至二零零四年年底，本公司於大新銀行集團所持權益約為百分之七十八點三。

集團財務撮要

Corporate Development

At the end of the first half of the year, we completed a group reorganisation pursuant to which the Group's banking and related subsidiaries were grouped under a newly formed subsidiary, Dah Sing Banking Group Limited ("DSBG"), which was subsequently separately listed on the Hong Kong Stock Exchange. This raised capital for both the Company, and for DSBG. It also established a platform to facilitate the future growth of our banking and insurance businesses, whether by organic means, or through merger or acquisition activity. As at the end of 2004, the Company's interest in DSBG was approximately 78.3%.

Highlights of Group Financial Performance

以百萬港元位列示	HK\$ Million	2004	2003	變動 Variance
扣除準備前之營運溢利	Operating profit before provisions	1,508.8	1,558.0	-3.2%
扣除準備後之營運溢利	Operating profit after provisions	1,300.1	1,023.3	27.0%
股東應佔溢利	Profit attributable to shareholders	2,033.2	992.6	104.8%
經調整作正常化之股東應佔溢利 (不包括與銀行集團重組相關之特殊項目) (註)	Normalised profit attributable to shareholders excluding exceptional items related to the reorganisation of the Banking Group (Note)	1,152.4	992.6	16.1%
資產總值	Total assets	74,288	63,756	16.5%
負債合計 (不包括借貸資本)	Total liabilities (excluding loan capital)	63,322	55,942	13.2%
股東資金	Shareholders' funds	8,258	6,789	21.6%
淨利息收入對營運收入	Net interest income/operating income	70.7%	71.7%	
成本對收入比率	Cost to income ratio	35.6%	33.7%	
平均總資產回報率 (註)	Return on average total assets (Note)	1.7%	1.6%	
平均股東資金回報率 (註)	Return on average shareholders' funds (Note)	15.3%	15.4%	

註：截至二零零四年十二月三十一日之盈利能力比率是以經調整作正常化之應佔溢利 1,152,400,000 港元 (不包括重組費用及出售與視作出售銀行集團部份權益之溢利) 而計算。

Note: The normalised attributable profit of HK\$1,152.4 million, excluding reorganisation costs, and the profit on the partial and deemed disposal of interest in the Banking Group, is used in calculating the profitability ratios for the year ended 31st December 2004.

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財務回顧

本集團於年內的盈利再創新高，股東應佔溢利增長達百分之一百零四點八，由九億九千二百六十萬港元上升至二十億三千三百二十萬港元。

儘管賺息資產結餘上升，惟淨息差收窄，令淨利息收入減少百分之一點八。由於較高息率之無抵押消費信貸及信用卡借貸需求持續疲弱，投資年期縮短令剩餘資金收息率下跌及劇烈價格競爭令貸款息差普遍收窄，淨息差由百分之三點二一下調至百分之二點九二。

相對於二零零三年，其他營運收入上升百分之三點五。由於信用卡及零售借貸業務服務費收入減少，抵銷財富管理業務收費的增長，銀行業務的服務費收入輕微下降。另一方面，人壽保險業務的貢獻則較二零零三年增加。

人事費用及市場推廣費用增加導致營運支出上升百分之五點二。為配合業務擴展及加強營運能力，本集團需投放額外資源與開支。成本對收入比率由二零零三年的百分之三十三點七輕微上升至二零零四年的百分之三十五點六。

扣除準備前之營運溢利為十五億零八百八十萬港元，較二零零三年下跌百分之三點二。

由於資產質素提昇，尤以無抵押的消費借貸及信用卡組合更為顯著，呆壞賬支出較二零零三年大幅削減百分之六十一，即三億二千六百萬港元。宏觀經濟環境好轉，失業率與破產宗數下降，及貿易與製造業客戶的財務狀況獲得改善，撇賬及信貸虧損遂得以削減。不履行貸款比率由二零零三年十二月三十一日的百分之一點五五進一步改善至二零零四年十二月三十一日的百分之零點九六。

Financial Review

The Group achieved a record level of profit for the year, with profit attributable to shareholders increasing by 104.8% from HK\$992.6 million to HK\$2,033.2 million.

Net interest income declined 1.8% as a result of a lower net interest margin despite the growth in interest earning assets. The net interest margin narrowed to 2.92% from 3.21% due to the continued subdued demand for high-yield unsecured consumer credit and credit card lending, a lower yield earned on surplus funds investments due to shorter duration, and a narrower lending margin in general as a result of keen pricing competition.

Other operating income was up 3.5% relative to 2003. The fee income in the banking business was marginally lower, with the growth in the fee revenue from the wealth management business offset by lower fee income from the credit card and retail lending businesses. On the other hand, the long-term life insurance business contribution was stronger than that in 2003.

Operating expenses rose 5.2% mainly due to higher staff costs and advertising expenses. More resources and spending were required to support business growth and strengthen operational capabilities. The cost to income ratio rose moderately to 35.6% in 2004 from 33.7% in 2003.

Operating profit before provisions was HK\$1,508.8 million, 3.2% lower than 2003.

The charge for bad and doubtful debts reduced significantly by HK\$326.0 million or 61.0% when compared with 2003 due to improved asset quality, in particular in the unsecured consumer lending and credit card portfolios. The improvement in macroeconomic conditions, lower unemployment and bankruptcies, and the improved financial performance of trading and manufacturing customers contributed to lower charge-offs and credit losses. As at 31st December 2004, the non-performing loan ratio further improved to 0.96%, down from 1.55% level as of 31st December 2003.

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財務回顧 (續)

全年應扣除準備後營運溢利為十三億零十萬港元，較二零零三年上升百分之二十七。

本年度出售非持作買賣用途證券的淨收益大幅下降至六千三百六十萬港元，主要由於本集團在年內縮短剩餘資金的投資年期以減低利率風險。

物業價格反彈令集團的投資物業於年度重估中錄得重估盈餘五千二百九十萬港元。此重估盈餘撥回部份過去數年已確認於賬內的投資物業重估虧損。集團通常每三年對其行產作一次重估，最近期一次重估已於二零零三年進行，故於二零零四年年底，集團並無對其行產進行重估。

相對於二零零三年應佔淨虧損二百萬港元，共同控制實體的營運表現於年內獲得改善，帶來四百萬港元之收益。

五千六百七十萬港元重組費用中包括重組銀行集團及大新銀行集團獨立上市時涉及之包銷費、印花徵稅、法律及專業顧問及其他費用。

本公司在大新銀行集團初次公開發售及根據行使超額配股權予以調整後，出售及被視作出售其持有之大新銀行集團權益時為本集團帶來之特殊收益分別為四億四千四百八十萬港元及四億九千二百六十萬港元。於二零零四年七月，本公司佔有之大新銀行集團的權益被攤薄至百分之七十八點三。

經調整作正常化之應佔溢利為十一億五千二百四十萬港元（不包括重組費用及出售與視作出售銀行集團部份權益之溢利），與二零零三年比較，增長為百分之十六點一。

Financial Review (Continued)

Operating profit after provisions for the year was HK\$1,300.1 million, 27.0% higher than 2003.

The duration of the Group's surplus funds was shortened during the year in order to mitigate interest rate risk and this contributed to the significantly lower net gain on disposal of non-trading securities for the year, amounting to HK\$63.6 million.

The rebound in property prices has resulted in a surplus on revaluation of investment properties of HK\$52.9 million. This partially reversed the revaluation losses on investment properties that had been recognised over the past few years. No revaluation was performed on premises at the end of 2004, as such revaluations are normally performed once every three years and the last revaluation was conducted in 2003.

The improvement in the operating performance of the jointly controlled entities resulted in a positive contribution of HK\$4 million during the year, compared to the share of net losses of HK\$2 million in 2003.

Reorganisation costs of HK\$56.7 million represented the underwriting fees, stamp duty, legal and professional fees and other costs incurred in the reorganisation of the banking group and DSBG's separate listing.

The exceptional gains of HK\$444.8 million and HK\$492.6 million were derived from the actual disposal and deemed disposal of interest in DSBG in the initial public offering and further adjustments pursuant to the exercise of over-allotment option, with the Company's interest in DSBG diluted to 78.3% by July 2004.

Excluding the exceptional reorganisation costs and profits on actual and deemed disposal of interest in DSBG, the normalised attributable profit was HK\$1,152.4 million, representing a growth of 16.1% relative to 2003.

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銀行業務

Banking Business

		2004	2003	變動 Variance
淨利息息差	Net interest margin	2.92%	3.21%	
以百萬港元位列示	HK\$ Million			
扣除準備前之營運溢利	Operating profit before provisions	1,376.2	1,436.5	-4.2%
扣除準備後之營運溢利	Operating profit after provisions	1,167.4	901.8	29.5%
股東應佔溢利	Profit attributable to shareholders	1,119.7	879.8	27.3%
客戶貸款減準備	Advances to customers less provisions	32,063	27,432	16.9%
客戶存款	Customers' deposits	43,477	40,152	8.3%
已發行存款證	Certificates of deposit issued	8,452	7,868	7.4%
存款合計	Total deposits	51,930	48,020	8.1%
已發行債券	Issued debt securities	2,332	31	
貸款對存款比率	Loan to deposit ratio	61.8%	57.1%	
平均流動資產比率	Average liquidity ratio	57.9%	65.9%	

二零零四年，本集團銀行業務受惠於本港經濟持續改善，貸款增長表現尤其令人鼓舞。由於出口及轉口增強，加上物業價格上揚，貿易融資、製造業貸款及按揭借貸的需求因而上升。二零零四年貸款虧損明顯改善，主要原因包括失業率持續下降、個人破產宗數減少，以及物業價格反彈。此外，消費信心增強、本地消費好轉，以及旅客人數（尤其內地自由行旅客）不斷增加，亦帶動本地生產總值強勁增長。

雖然美國聯邦基金利率及美國貨幣市場利率自年中一直持續上升，但年內大量資金流入本港促使到本地貨幣市場流動資金結餘偏高，以致本港同業拆息利率全年低企。由於香港容許資金自由進出，加上奉行聯繫匯率制度，大量資金流入使到港元貨幣市場資金充斥，結果本港同業拆息平均水平較美元倫敦銀行同業拆息大幅折讓，而本地最優惠利率與同業拆息之間差幅更於二零零四年長時間處於歷史高位。

In 2004, our banking business benefitted from the continued improvement in the Hong Kong economy. The return of loan growth was particularly encouraging. Stronger exports and re-exports, and higher property prices led to higher demand for trade finance, manufacturing and mortgage lending. The steady decrease in unemployment, lower personal bankruptcies and the recovery in property prices were significant factors contributing to the marked improvement in loan losses in 2004. The improvement in consumer confidence, domestic consumption, and the increasing number of tourists, particularly the Individual Mainland Travellers were also key to the strong GDP growth in the year.

Despite the steady increase in the US Fed Funds rate and US\$ money market rates since mid year, Hong Kong's interbank interest rates stayed at very low levels throughout 2004 due to the high level of surplus liquidity in the local money market, caused mainly by a significant inflow of funds into Hong Kong during the year. With Hong Kong's free flow of capital and the linked exchange rate system, the significant inflow of funds and expansion of HK\$ money market liquidity resulted in the average Hibor being at a significant discount to the average US\$ Libor, and the Prime-Hibor spread being maintained at historically high levels for most of 2004.

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銀行業務 (續)

年內息率相對偏低，有利本地經濟復甦，刺激貸款需求，亦有助物業市場氣氛好轉，使本地銀行業受惠。

由於經營環境改善，銀行集團的溢利在二零零四年錄得新高。雖然淨利息收入下降使到營運收入較二零零三年稍減，但由於壞賬及呆賬準備調撥大幅減少，故股東應佔溢利增加百分之二十七點三，至十一億二千萬港元。

面對經濟轉強，商業及零售市場暢旺，本集團加速發展貸款業務。個人及商業銀行業務借貸均有所上升，其中貿易融資、商業借貸、證券投資借貸及按揭貸款的增長尤其強勁。信用卡及無抵押私人貸款的信貨質素顯著改善，未償還結餘亦錄得輕微增幅，但此等業務的貸款需求復甦步伐仍未及按揭借貸及商業借貸業務的增長。基於市場競爭激烈，本集團的運輸行業借貸結餘與上年相若。由於商業及零售借貸的價格競爭進一步加劇，年內的淨息差因而收窄。

銀行集團的存款(包括客戶存款和存款證)取得理想增幅。然而，由於貸款的增長較快，因此年內的貸款對存款比率微升，扭轉過去數年的下跌頹勢。

面對存款息率全面低企，客戶的存款期亦不斷縮短，加上市場的資金成本較為吸引，因此大新銀行在二零零四年底根據其中期票據計劃，透過其全資附屬公司Dah Sing MTN Financing Limited發行三億美元五年期票據。

Banking Business (Continued)

The relatively low interest rates during the year were conducive to the recovery of the local economy, stimulating loan demand and assisting the improved sentiment towards the property market, and were positive for the local banking industry.

Against the backdrop of a more favourable operating environment, our Banking Group achieved a record level of profit in 2004. Although operating income was marginally lower than 2003 mainly due to lower net interest income, the significant reduction in the charge for bad and doubtful debts contributed to an increase in profit attributable to shareholders of 27.3% to HK\$1,120 million.

With the stronger economy and more activity in both the commercial and retail sectors, we accelerated the growth of our loan book. Lending increased in both our personal and commercial banking businesses, and was particularly strong in trade finance, commercial lending, securities investment financing and mortgages. Credit card and unsecured personal loans improved significantly in terms of credit quality, and also registered some growth in outstanding balances, although the underlying recovery in loan demand in these areas remained more subdued than in the mortgage lending and commercial lending businesses. Our transport related lending, due to keen market competition, was flat compared to last year. Pricing competition, in both commercial and retail lending, further intensified and contributed to the lower net interest margin for the year.

Our Banking Group achieved satisfactory deposit growth, in both customer deposits and certificates of deposit. With faster loan growth, the loan to deposit ratio rose moderately in the year, reversing the contracting trend of the past few years.

As the maturity of customer deposits has been shortening in response to low deposit rates across the board, and due to the relatively attractive funding costs available in the market, Dah Sing Bank, through Dah Sing MTN financing Limited being its wholly-owned subsidiary, issued US\$300 million 5-year notes under its Medium Term Notes Programme towards the end of 2004.

銀行業務 (續)**個人銀行**

本集團的個人銀行業務包括零售銀行、顯客理財及私人理財。受惠於經濟復甦及失業率下降，此項業務取得較佳業績，溢利顯著激增。

貸款和存款雙雙錄得增長。借貸增長主要由住宅按揭及個人銀行證券投資借貸所帶動。信用卡及私人貸款亦錄得增長，但需求增幅未及按揭業務強勁。存款增加主要由傳統存款及結構性存款帶動。結構性存款具不同年期，亦備有各式提早贖回機制，可為客戶提供高於傳統存款的回報，為本集團財富管理服務的產品之一。本集團的結構性存款產品均就利息風險安排全數對沖。

存款息率(尤其港元存款)繼續低企，市場對財富管理服務需求甚殷。因此，本集團亦順應增加財富管理產品種類及服務，包括分銷單位信託及人壽保險產品、發行零售存款證和結構性存款與及證券投資服務。然而，儘管本集團財富管理業務的貢獻的增幅有所增加，但因信用卡及其他零售借貸所得服務費及佣金收入減少而抵銷。

隨著個人破產宗數及失業率持續下跌，信用卡及私人貸款的拖欠比率及壞賬支出大幅減少。信貸虧損大幅改善乃本集團零售借貸組合所得溢利上升的主要原因。另外，由於年內的物業價格顯著上升，負資產按揭貸款總結餘及負資產貸款個案因而大幅下降。

本集團現時為客戶提供一系列的人民幣銀行服務，包括推出人民幣存款和匯款與及全新的人幣扣賬卡。本集團亦將設於香港多個主要地點的提款機更新，以便可同時提取港元及人民幣。除推出人民幣扣賬卡，本集團的信用卡業務亦推出多款聯營卡及展開多項市場推廣活動，並在年內推行各項鼓勵消費及維繫客戶關係的活動，成功擴大客戶基礎及信用卡消費額。

Banking Business (Continued)**Personal Banking**

Our personal banking business comprises retail banking, VIP banking and private banking. Assisted by the economic recovery and lower unemployment rate, this business segment achieved stronger results and a significantly higher profit.

Strong loan and deposit growth were recorded, with the increase in lending driven mainly by residential mortgages and private banking securities investment lending. Credit card and personal loans also recorded growth, although the recovery in demand in these areas was more subdued than in the mortgage business. The increase in deposits was driven by both traditional deposits and structured deposits. The latter, with varying tenors and different early redemption features, offered higher yields to deposit customers than traditional deposits, and formed part of our wealth management product range. Our structured deposit products are all fully hedged in respect of interest rate risk.

With continuing low deposit rates especially for HK\$ deposits, demand for wealth management services was strong. We expanded our wealth management products and services which included distribution of unit trusts and life insurance products, issuing retail certificates of deposit and structured deposits, and securities investment services. The increase in our wealth management fee income was however offset by the lower fee and commission income earned from credit card and other retail lending.

With the steady reduction in personal bankruptcies and the unemployment rate, delinquency and charge-offs for credit card and personal loans decreased substantially. The significant improvement in credit losses was a major contributor to the higher level of profit generated from our retail lending portfolio. The aggregate negative equity mortgage loan balance and the number of loans in negative equity dropped significantly as a result of the increase in property prices in the year.

We now have a range of Renminbi banking services available to customers, including Renminbi deposit taking and remittances, and a new Renminbi denominated debit card. We have also adapted a number of ATM machines in key locations in Hong Kong to dispense both HK\$ and Renminbi. In addition to the Renminbi denominated debit card, our credit card business launched a number of co-branded cards and marketing campaigns, and implemented various spending and retention programs in the year. These initiatives enabled us to expand our customer base and card spending.

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銀行業務 (續)

個人銀行 (續)

儘管本地信用卡市場競爭激烈，本集團在年內再奪得多個獎項，實在令人欣喜。二零零四年，大新銀行獲萬事達國際評選為「二零零四年全港商務產品最高平均消費額的信用卡」，並獲威士國際評選為「二零零三/二零零四年度最佳扣賬卡」。

本集團私人銀行業務年內的客戶基礎不斷擴大，所管理的客戶資產亦不斷增加，年內業務規模及盈利亦有提升。股市向好，加上本集團擴闊了財富管理產品範疇，均有利此項業務發展。

本集團繼續堅信個人銀行業務須採取多元化的分銷渠道，包括作為本集團分銷及提供客戶服務基礎的零售分行網絡、電話理財及網上理財。於二零零四年底，本集團在香港有四十四間零售分行，於海峽群島的格恩西島設有一間附屬私人銀行。

豐明銀行

豐明銀行有限公司（「豐明」）為銀行集團旗下以獨立的個人銀行品牌經營的附屬公司。於二零零四年，豐明的溢利有所改善，淨溢利由去年的一百五十萬港元增至二零零四年的二千二百九十萬港元。豐明的營運業績主要是壞賬支出大幅減少，以及確認與豐明以往虧損所引致的稅務抵免及遞延稅務資產。

豐明的客戶基礎不斷擴大，貸款及存款結餘均有所增加，成績教人鼓舞。

Banking Business (Continued)

Personal Banking (Continued)

Despite the keen competition in the local credit card market, we were pleased to have received further awards during the year. In 2004, Dah Sing Bank was recognised by MasterCard International as achieving "The Highest Cardholder Spending Per Card In Commercial Products for 2004 In Hong Kong" and by VISA for "The Debit Card Achievement Award 2003/2004".

Our private banking business increased its customer base and assets under management, and reported stronger business volumes and profitability for the year. Improving equity market conditions and our expanding range of wealth management products were positive for the growth of this business.

We continue to believe strongly in a multi-distribution channel for our personal banking business, including the retail branch network as the foundation of our distribution and customer service activities, as well as telephone banking and internet banking. At the end of 2004, we operated 44 retail branches in Hong Kong, and one subsidiary private bank in Guernsey, Channel Islands.

MEVAS Bank

MEVAS Bank Limited ("MEVAS"), the separately branded personal banking subsidiary under the Banking Group, achieved an improved profit in 2004 of HK\$22.9 million, up from the net profit of HK\$1.5 million last year. The operating results of MEVAS were mainly driven by a substantial reduction in the bad debt charge and a recognition of taxation credit and deferred tax asset relating to past losses incurred by MEVAS.

It was encouraging to see a continuing increase in the customer base, and higher loan and deposit balances achieved by MEVAS.

銀行業務 (續)**商業銀行**

商業銀行業務(包括貿易融資、商業借貸、租購貸款及設備融資)所錄得的溢利、貸款與存款增長均較二零零三年為高。貸款增長主要由中小企業客戶的貿易融資及按揭借貸與及銀團借貸所帶動。本集團繼續開發商業銀行業務的產品，包括企業及購物信用卡。該等舉措有助本集團繼續擴大客戶基礎。

由於競爭激烈，本集團的租購運輸及設備融資業務僅略有增長。的士融資業務的價格競爭激烈，息差進一步收窄，令集團難以再擴充該項業務。本集團的設備融資仍然以在港及華南營運的製造企業為主要業務對象。隨著國內製造業及出口市場持續增長，本集團的設備融資業務亦有所增長。

受惠於經濟復甦，本集團商業銀行貸款組合的資產質素大幅改善，壞賬準備大幅削減，不良貸款的比率亦有所改善。

財資業務

年內，本集團財資業務的溢利下調，主要原因是營運收入及出售證券收益減少。剩餘資金投資收息率下跌，加上為減低息率風險而縮短債券組合投資年期，財資業務在二零零四年的淨利息收入、交易收益及出售證券收益均下跌。自二零零四年中以來，美國中期債券孳息率大幅波動，短期息率亦持續上升，以致孳息曲線拉平，權衡風險與回報下，債市的吸引力大減。年內，本集團能夠大幅增加外匯交易收益，有助消滅出售證券收益減少的影響。

年內，由於本集團的貸款增長強勁，而存款利率增長則相對較慢，銀行集團撥入財資業務的剩餘資金並無重大變化。鑑於大新銀行透過其全資擁有附屬公司 Dah Sing MTN Financing Limited 發行的三億美元中期票據於本年後期完成，因此對本集團年內的整體平均剩餘資金結餘影響不大。

Banking Business (Continued)**Commercial Banking**

Commercial banking, which includes trade finance, commercial lending, hire purchase and equipment finance, reported a higher profit and growth in loans and deposits relative to 2003. The loan growth was led by trade finance and mortgage lending mainly to SME customers, and syndicated lending. We have continued to develop our product offering in the commercial banking business, to include new products such as corporate and purchasing credit cards. These initiatives have assisted us to continue to grow our customer base.

Our hire purchase transport financing and equipment finance businesses, due to very keen market competition, attained only mild loan growth. The severe price competition in the taxi finance business resulted in tighter spreads and made it difficult for us to justify the expansion of the portfolio. Our equipment finance continued to target mainly manufacturing companies operating in both Hong Kong and in the southern part of Mainland China. The continuing growth in China's manufacturing and export sectors enabled us to achieve growth in the equipment finance portfolio.

The overall asset quality of our commercial banking loan portfolio, benefitting from the economic recovery, recorded substantial improvement, with much lower bad debt provisions and an improved non-performing loan ratio.

Treasury

Our treasury division generated a lower level of profit in the year, due mainly to lower operating income and securities disposal gains. With a lower yield earned on surplus funds investments and a shortening of the duration of our bond portfolio to mitigate interest rate risk, treasury experienced lower net interest income, trading gains and disposal gains in 2004. The volatile US medium term bond yields and the steady rise in short-term interest rates in the US since mid-2004, and the ensuing flatter yield curve, have resulted in a less attractive market in terms of risk and reward. During the year, we were able to increase significantly the contribution from FX trading, which helped to mitigate the effect of the lower securities disposal gains.

The surplus funds deployed in our treasury business did not change significantly during the year as a result of the stronger growth in the Banking Group's loan book and a slower rate of increase in deposits. As the US\$300 million medium term notes issued by Dah Sing Bank, through Dah Sing MTN Financing Limited being its wholly-owned subsidiary, was concluded late in the year, it did not have a significant impact on our overall average surplus funds balances for the year.

業務回顧 | Review of Operations

銀行業務 (續)

財資業務 (續)

本集團繼續執行既定政策，保持投資組合多元化，主要集中於投資級別較高的債券。為減低利率持續上升而引致的利率風險，本集團將債券組合的年期縮短，並逐漸加大浮息短期債券的比例，或進行對沖將定息資產轉化為浮息資產。

本集團繼續提高本身在處理市場風險和利息風險方面的風險管理能力。有關工作須配合本集團的整體資產負債管理和投資策略，必須與時並進，因時制宜。

保險業務

本年度，本集團保險業務的業績再次取得突破，主要原因是本集團全資擁有的附屬保險公司大新人壽保險有限公司的溢利貢獻有所增加。

受惠於強勁的經濟復甦，本集團人壽保險業務的營運業績更上層樓，除保費收入及投資收益均有增長外，續保率改善帶來的正面影響，更蓋過由於有效保單增加以致的索償儲備及索償費用增加幅度。本年度潛在價值有所增加，是長期人壽保險業務溢利上升的主要因素。

本集團的投資策略是盡量安排資產與負債配對，因此儘管年內的股票比重有所提高，但人壽基金的組合結構仍然偏重定息債券。而年內投資表現理想。

本集團推出更多短期壽險儲蓄計劃，並改良傳統終身壽險產品內容，成功拓闊產品系列，照顧不同客戶的需要。二零零四年，本集團的壽險儲蓄產品銷售額有所上升。

長期壽險所得總溢利為一億二千零五十萬港元，較二零零三年增加百分之二十六。於二零零四年底，與獨立精算師共同計算的有效保單總值為六億六千三百八十萬港元，較二零零三年增加六千七百七十萬港元。

Banking Business (Continued)

Treasury (Continued)

We continued our strategy of maintaining a diversified investment portfolio comprised predominantly of high investment grade bonds. To mitigate the amount of interest rate risk within this business in a rising interest rate environment, we maintained our bond portfolio at relatively short duration, with an increasing proportion of such assets either in floating rate form, or hedged to a floating rate basis.

We have continued to work on upgrading our risk management capabilities in managing market risk and interest rate risk. This is a dynamic and evolving process interlinked closely with our overall asset and liability management and investment strategies.

Insurance Business

Our insurance business achieved another year of record results, largely due to a higher profit contribution from our wholly owned life assurance subsidiary Dah Sing Life Assurance Company Limited.

Benefitting from the strong economic recovery, the operating performance of our life assurance business improved, with growth in premium income, higher investment returns, and the favourable effects of an improvement in persistency more than offsetting the increase in reserving and claim expenses associated with higher level of in-force life policies. The improved increase in embedded value in the year was a key factor contributing to the increase in profit from the long-term life business.

Our investment strategy is to maintain a close match between our assets and liabilities, and this results in the portfolio mix in the life fund being weighted more significantly towards fixed income securities, although the allocation to equities increased during the year. A satisfactory investment performance was achieved.

Our expanded range of shorter-term endowment plans, in addition to the upgrades of the traditional whole-of-life insurance products, provided us with an additional product offering to broaden our product range and cater to different customer preferences. A higher volume of endowment sales was booked in 2004.

The total profit from the long-term life business amounted to HK\$120.5 million, up 26% from 2003. As at the end of 2004, the total value of policies in force as calculated in conjunction with the independent actuary was HK\$663.8 million, an increase of HK\$67.7 million over 2003.

保險業務 (續)

集團擁有百分之五十一權益的附屬綜合保險公司大新保險有限公司為本集團與Aviva的合營公司，雖然該公司在年內的保金收入增加，但溢利仍較二零零三年為低。然而，二零零三年的溢利較高，原因是因應有可能出現的索償賠款所作儲備調低，且該年度獲得較大投資收益。

總結本集團附屬人壽保險公司的長期壽險、剩餘資金投資收益，與及上述綜合人壽保險附屬公司的業績，本集團保險業務的除稅前溢利貢獻總額為一億四千七百一十萬港元，較二零零三年的一億二千五百六十萬港元增加百分之十七。總括而言，保險相關溢利佔本集團的經調整作正常化除稅前溢利(不包括銀行集團重組所涉成本與收益)約百分之十。

風險管理與合規監督

加強風險管理為本集團各業務範疇越來越重視的持續性工作。本集團業務範圍廣泛，涉及多方面風險，加上監管機構對風險管理標準及資本管理的要求越加繁複，加重本集團風險管理工作的需求。然而，本集團已採取多項措施，以確保可克服挑戰。

本集團會繼續努力因應市況變化、本身的風險控制能力與監管規定，提升風險管理政策與檢討風險承受上限。本集團在本年度已努力改善監控市場風險及財資活動的工作。

市場對金融服務業的合規監督工作以及監管與會計規定的更改(如改為採用新巴塞爾協定及引入香港會計準則第39號)之關注，加重本集團的合規監督與風險管理架構的需求。本集團已著手加強合規監督工作，預期將可於二零零七年新巴塞爾協定正式生效時遵守有關規定，以及符合將於二零零五年實施的新增會計標準。

Insurance Business (Continued)

Our 51% owned general insurance subsidiary, Dah Sing General Insurance Company Limited, a joint venture with Aviva, achieved a lower profit relative to 2003 despite higher premium income. The higher 2003 profit was boosted by a favourable reserve adjustment for possible claims and higher investment gains in 2003.

Consolidating the results of the long-term life business, the investment results of the surplus capital of our life assurance subsidiary and the results of the general insurance subsidiary, our insurance business contributed a total profit before taxation of HK\$147.1 million, up 17% relative to the HK\$125.6 million total profit to the Group generated in 2003. The total insurance related profit accounted for approximately 10% of the Group's pre-tax normalised profit in 2004 (excluding the costs and gains associated with the Banking Group reorganisation).

Risk Management and Compliance

Strengthening risk management is an area of increasing and ongoing emphasis for all areas of our business. Both the increased diversity of our business and risk exposures, and the more complex risk management standards and capital treatments required by regulators, have increased the demands on our risk management function. We have taken steps to ensure that we are able to meet these challenges.

We are continuing our effort to upgrade our risk management policies and revise risk limits, taking into account changes in market conditions, our risk control capabilities and regulatory requirements. More efforts were devoted in the year to enhance the risk monitoring and control of market risk and treasury activities.

The overall focus in the financial services industry on compliance, as well as regulatory and accounting changes, such as the move towards implementation of Basel II, and the introduction of Hong Kong Accounting Standard 39, have placed additional demands on our compliance infrastructure as well as our risk management framework. We have taken steps to strengthen our compliance function, and expect to be able to comply with Basel II when the new regime becomes effective in 2007, as well as with the new accounting standards coming into effect in 2005.

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資本及流動資產

Capital and Liquidity

銀行集團	Banking Group	2004	2003
附屬銀行公司的資本基礎 (百萬港元)	Capital base of banking subsidiaries (HK\$ million)		
— 核心資本	— Core capital	5,673	5,130
— 附加資本及扣減項目	— Supplementary capital and deductions	1,463	1,477
扣減後的資本基礎總額	Total capital base after deductions	7,136	6,607
資本充足比率(年終)	Capital adequacy ratio (as at year end)		
— 一級資本	— Tier 1	13.8%	15.8%
— 一級和二級資本(扣減後)	— Tier 1 and Tier 2 (after deductions)	17.3%	20.4%
流動資產比率(年度平均)	Liquidity ratio (average for the year)	57.9%	65.9%

二零零四年重組及分拆銀行集團上市集資所得股本資金由大新銀行集團有限公司持有，因此在計算資本充足比率時並不包含在上表所述附屬銀行公司的資本基礎內。

年內，由於銀行集團的風險加權資產有所增加，加上銀行集團上市集資所得資金並未注入附屬銀行公司作為資本，故此於二零零四年底的資本充足比率較二零零三年為低。

本集團一直成功維持全年的流動資金於高水平。

人力資源

由於本集團擴展業務、產品及服務種類增加，加上在服務水平、風險管理、合規監督及監管要求等各方面的更高要求，因此需要增加人才、職員培訓及發展的投資。本集團已實施計劃提昇現有員工的能力，並在有需要時招聘新人，以應付各項挑戰。

二零零四年，本集團繼續致力促進加強集團內的優質服務與團隊文化。本集團亦舉辦不同的社誼、社區及員工福利活動，以促進員工之間關係。集團欣喜連續三屆被香港社會服務聯會選為最關心員工的香港僱主之一，而本集團數名員工亦獲得香港管理學會頒發「傑出推銷員獎」，以表揚他們的傑出銷售及服務表現。

The equity capital raised from the reorganisation and separate listing of the Banking Group in 2004 is held by Dah Sing Banking Group Limited and therefore does not form part of the capital base of its banking subsidiaries shown above for the purposes of calculating the capital adequacy ratio.

An increase in the risk weighted assets of the Banking Group during the year, together with the fact that the proceeds of the listing of the Banking Group were not injected into the banking subsidiaries as capital, led to a lower capital adequacy ratio at the end of 2004, compared with the end of 2003.

We continued to maintain a high level of liquidity throughout the year.

Human Resources

The expansion of our business, and our range of products and services, together with the increased requirements relating to service quality, risk management, compliance and regulation requires additional investment in headcount, training and development. We have implemented programmes both to improve the skills of our existing staff, and to recruit additional staff where necessary to meet these challenges.

In 2004, we continued our work to develop a stronger service excellence and teamwork culture throughout the organisation. We also organised different social, community and staff well-being events to promote better employee relationships. We are pleased to have been recognised by the Hong Kong Council of Social Service for three consecutive years as one of the leading Hong Kong caring employers, and that a group of staff had received the "Distinguished Salesperson Awards" from the Hong Kong Management Association in recognition of their outstanding sales & services performance.

人力資源 (續)

二零零四年底，本集團的僱員總數為一千三百二十八人，較二零零三年底增加五十七人。

資訊科技

年內，本集團繼續提昇資訊科技能力及工作程序，以支援業務增長及改善營運效率。為配合將本集團的主機操作系統升級為更強大而穩定的技術平台，以及改良本集團的資訊科技基礎設施，本集團於二零零四年底重新與IBM訂立外判協議，包括將技術平台升級。此乃本集團一項重要的資訊科技發展及投資。

國內市場

本集團年內在「更緊密經貿關係安排」的框架下，在深圳開設了第一間國內分行。此舉為本集團之重大發展。深圳分行在開業之初專注於建立在泛珠三角區的商業銀行業務，在首年已取得令人鼓舞的成績。本集團相信，不論直接經營或透過本集團的在本港的人民幣業務間接經營，國內市場日後均會為本集團提供不少發展機會。

Human Resources (Continued)

At the end of 2004, the total number of employees of the Group was 1,328, up 57 relative to the end of 2003.

Information Technology

During the year, we continued to make progress in upgrading our IT capabilities and processes in order to support the growth of our businesses and to help improve operational efficiency. To position us to upgrade our mainframe operating system to a more reliable and robust technology platform and to enhance our IT infrastructure, we renewed our outsourcing agreement with IBM at the end of 2004, including services for technology platform upgrades. This is an important IT development and commitment for our Group.

Mainland China Market

Under the CEPA framework, we opened our first Mainland Branch in Shenzhen during the year. This was a key development of our Group. The Shenzhen Branch, which initially is focussed on building our commercial banking business in the Pan Pearl River Delta Area, has achieved encouraging results within its first year of operation. We believe that the Mainland market, whether directly, or indirectly, for example through our Renminbi business in Hong Kong, will provide many opportunities for growth in future.



The reception for the Grand Opening of Dah Sing Bank Shenzhen Branch on 3rd June 2004 was attended by, amongst others, Mr. Chen Ying Chun, Vice Mayor of The People's Government of Shenzhen (left 5), Mr. Yu Xue Jun, Director General of CBRC Shenzhen Office (left 6), Mr. Zhang Jian Jun, Vice President of PBOC Shenzhen Sub-Branch (left 4) and Mr. William Ryback, Deputy Chief Executive of HKMA (left 7).

大新銀行於二零零四年六月三日舉行深圳分行開業慶典，出席典禮嘉賓其中包括深圳市人民政府副市長陳應春先生(左5)、中國銀行業監督管理委員會深圳監管局長于學軍先生(左6)、中國人民銀行深圳市中心支行副行長張建軍先生(左4)及香港金融管理局副總裁韋柏康先生(左7)。



Dah Sing Bank opened its first Mainland branch in Shenzhen in June 2004. 大新銀行於二零零四年六月在深圳開設其首家國內分行。